

**BRAE
CORPORATION**

VIA HAND DELIVERY

December 16, 1986

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
12th & Constitution, Room 2215
Washington, D.C. 20423

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303 are the following documents:

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the Equipment Lease Agreement dated as of November 18, 1980 between BRAE TRANSPORTATION, INC. (formerly BRAE Corporation) and SANWA CAPITAL MARKETS, INCORPORATED (former CI Transportation Leasing Corporation) previously recorded and assigned recordation number 12426, we request that they be assigned the next available letter designations under that primary number.

1. Three originals and five copies of the THIRD AMENDMENT dated as of April 14, 1986 between BRAE TRANSPORTATION, INC. and SANWA CAPITAL MARKETS, INCORPORATED. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SANWA CAPITAL MARKETS, INCORPORATED, One South Wacker Drive, 39th Floor, Chicago, Illinois 60606.

2. Three originals and five copies of SCHEDULE II TO COLLATERAL ASSIGNMENT dated as of November 8, 1986 between BRAE TRANSPORTATION, INC. as Assignor and SANWA CAPITAL MARKETS, INCORPORATED as Assignee. This document relates to 12 boxcars AAR Mechanical Designation XM, marked POVA 35024, 25028, 35033, 35038, 35049, 35054, 35062, 35081, 35083, 35088, 35089 & 35097. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SANWA CAPITAL MARKETS, INCORPORATED, One South Wacker Drive, 39th Floor, Chicago, Illinois 60606.

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3. Three originals and five copies of the COLLATERAL ASSIGNMENT dated as of November, 1986 between BRAE TRANSPORTATION, INC., as Assignor and SANWA CAPITAL MARKETS, INCORPORATED as Assignee. This document relates to 77 boxcars AAR Mechanical Designation XM, marked TOE 5800-5865, 5867-5877. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SANWA CAPITAL MARKETS, INCORPORATED, One South Wacker Drive, 39th Floor, Chicago, Illinois 60606.

12426 F
4. Three originals and five copies of the COLLATERAL ASSIGNMENT dated as of November, 1986 between BRAE TRANSPORTATION, INC. as Assignor and SANWA CAPITAL MARKETS, INCORPORATED as Assignee. This document relates to 10 boxcars AAR mechanical Designation XM, marked SBD 161976-161977, 162035-16042. The names and Addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SANWA CAPITAL MARKETS, INCORPORATED, One South Wacker Drive, 39th Floor, Chicago, Illinois 60606.

It is requested that the following document be filed and recorded under the names of the parties as set forth below. In view of the fact that it relates to the MORTGAGE OF RAILROAD ROLLING STOCK AND ASSIGNMENT OF REVENUES AND PROCEEDS dated as of December 1, 1986 between REX RAILWAYS, INC., REX-NORECO, INC. and ML LEASING EQUIPMENT CORP. previously recorded and assigned recordation number 15109, we request that it be assigned the next available letter designation under that primary number.

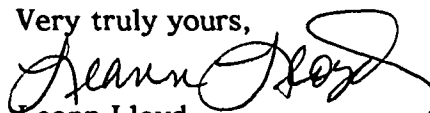
15109 A
5. One original and five copies of the RELEASE OF LIEN dated as of December 12, 1986 between REX RAILWAYS, INC., REX-NORECO, INC. and ML LEASING EQUIPMENT, INC.. The names an addresses of the parties to the transaction evidenced by the document described above are as follows:

REX RAILWAYS, INC. and REX-NORECO, INC., 616 Palisade Avenue, Englewood Cliffs, New Jersey 07632, and ML LEASING EQUIPMENT, INC., One Liberty Plaza, 165 Broadway, New York, New York 10080.

I enclose a check in the amount of \$50.00 for the required recordation fees.

Please return: (1) your letter acknowledging the filings, (2) a receipt for the \$50.00 filing fee paid by check drawn on this firm, (3) the enclosed copies of this letter and (4) the originals and four copies of each of the document (retaining one each for your files) all stamped with your official recordation information.

Very truly yours,


Leann Lloyd
Corporate Secretary and
Executive Legal Assistant

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

12/22/86

OFFICE OF THE SECRETARY

Leann Lloyd
corporate Sec. &
Executive Legal Assist.
Brae Corp.
Four Embarcadero Center
San Francisco, Calif. 94111

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/22/86 at 10:05am , and assigned re-recording number(s). 12426-C, 12426-D, 12426-E , 12426-F &

15109-A

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

REGISTRATION NO. 12426 Filed & Recorded
DEC 22 1986 10-05 AM
INTERSTATE COMMERCE COMMISSION

COPY

THIRD AMENDMENT

Third Amendment dated as of April 14, 1986 ("Amendment") to the Equipment Lease dated as of November 18, 1980, as amended by Amendments dated as of September 16, 1982 and February 19, 1986, (as so amended, the "Agreement") between Sanwa Capital Markets, Incorporated, formerly CI Transportation Leasing Corporation and BRAE Transportation, Inc., formerly BRAE Corporation (the "Lessee").

WHEREAS, the parties desire to amend the Agreement as herein set forth:

THE PARTIES AGREE AS FOLLOWS:

1. The terms used in this Amendment which are defined in the Agreement have the same meanings herein as specified therein.

2. The Company owns 80% of the capital stock of Brae Trailers, Inc., a California corporation ("Trailers"). Stoughton Trailers, Inc., a Wisconsin corporation ("Stoughton") owns 20% of the capital stock of Trailers. BRAE Corporation, the Company's parent ("BRAE"), owns 80% of the capital stock of Brae Trailers II, Inc., a California corporation ("Trailers II"); Stoughton owns 20% of the capital stock of Trailers II; and BRAE has guaranteed a lease for Trailers II. Certain disputes have arisen between the Company, BRAE, and Stoughton. The Company wishes to sell the stock of Trailers owned by the Company to Stoughton or its nominee, or to Trailers; settle all outstanding disputes and litigation with Stoughton; and terminate the lease and the BRAE guarantee.

3. Section 21.3 of the Agreement is amended by adding the following sentence to the end of such Section:

Notwithstanding any term, covenant, agreement, condition, prohibition, restriction, or provision in the Agreement to the contrary, the Company may sell and transfer to Stoughton Trailers, Inc. or its nominee, or to Brae Trailers, Inc. (by redemption or otherwise) any or all of the shares of common stock of Brae Trailers, Inc. beneficially owned by the Company for an aggregate purchase price of not less than \$2.2 million, payable in cash.

4. Except as modified hereby the Agreement remains in full force and effect.

5. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original but all of which when taken together shall constitute a single instrument.

6. This Amendment shall be construed in accordance with the internal laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

7. The Lessee shall cause this Amendment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303, as soon as possible.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

SANWA CAPITAL MARKETS, INCORPORATED

By: Jon H. Raubaker
Vice President

(Corporate Seal)

Attest: Benton Silver
Sec

BRAE TRANSPORTATION, INC.

By: [Signature]
Vice President

(Corporate Seal)

Attest: [Signature]

STATE OF ILLINOIS)
)
COUNTY OF COOK) ss.

On this 18th day of April, 1986, before me personally appeared Jon H. Lautscher to me personally known, who being by me duly sworn, says that he is a Vice President of Sanwa Capital MARKETS, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was on April 18, 1986, signed and sealed on behalf of said corporation by authority of its Board of Directors; and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Linda G. Florence
Notary Public

(SEAL)

Commission expires: 1-89-89

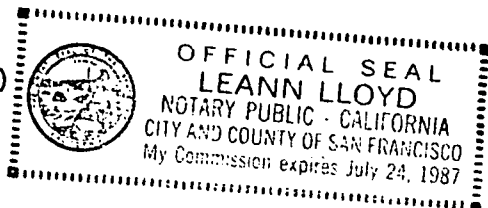
STATE OF CALIFORNIA)
)
CITY AND COUNTY OF SAN FRANCISCO) ss.

On this 14th day of April, 1986, before me personally appeared April, to me personally known, who being by me duly sworn, says that he is the Vice President of BRAE TRANSPORTATION, INC., a Delaware Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was on April _____, 1986, signed and sealed on behalf of said corporation by authority of its Board of Directors; and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

Commission expires: 7-24-87

(SEAL)



THIRD AMENDMENT

COPY

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

SANWA CAPITAL MARKETS, INCORPORATED

By: Jon H. Rautsack
Vice President

(Corporate Seal)

Attest: Benton Silver
Sec

BRAE TRANSPORTATION, INC.

By: [Signature]
Vice President

(Corporate Seal)

Attest: [Signature]

STATE OF ILLINOIS)
)
COUNTY OF COOK) ss.

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Linda G. Florence
Notary Public

(SEAL)

Commission expires: 1-29-89

STATE OF CALIFORNIA)
)
CITY AND COUNTY OF SAN FRANCISCO) ss.

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Dennis D. S.
Notary Public

Commission expires: 7-24-87

(SEAL)

